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Westly Acts Against Federal Home and Health Care Tax Hikes

Westly Motion Would Keep California From Ending Deductions Like Feds

SACRAMENTO -- Controller and Franchise Tax Board Chair Steve Westly today announced he will introduce an FTB motion to oppose the federal government's proposed changes that would tax health care benefits and eliminate mortgage, property, education and other tax deductions. Historically, California has conformed to federal tax policy.

"Instead of stemming the rise of housing and health care costs that are sinking families, Washington is throwing California an iron life preserver," Westly said. "No matter what Washington does, we'll continue to help California families own homes and afford health insurance."

At issue are recommendations made today by a panel appointed by President Bush that tax health care benefits and eliminate mortgage tax deductions, property tax deductions, and federal deductions for state, local and property taxes. The panel calls for replacing the current mortgage tax deduction with a tax credit. The credit would be capped at a level that would increase the tax burden on Californians.

"The changes proposed by President Bush's panel would make owning a home and having health insurance more costly – or too costly – for Californians," Westly said.

Westly's motion will express the FTB's opposition to the panel's recommendations to eliminate these deductions that help Californians. It also will direct the FTB to sponsor resolutions in the California State Senate and Assembly that declare the Legislature's opposition to the panel's harmful recommendations. The resolutions will also address the Legislature's intent to reject any attempt by the federal government to make California tax law conform to them.

The FTB administers California's personal income and corporate taxes.

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